

ANNEX B-- INFORMATION SUMMARY FOR THE PUBLIC

Host Country(ies):	Global
Name of Beneficiary(ies):	MFX Solutions, Inc.
Project Description:	<p>The Project involves a \$28 million increase in OPIC’s investment guaranty to MFX Solutions (“MFX”), a U.S.-based organization that offers currency hedging services to micro, small and medium enterprise (“MSME”) financial intermediaries (the “Project”). OPIC provided an initial guaranty of \$20 million to MFX in 2009, and this Project will extend the tenor and increase the size of the guaranty. The OPIC-supported guaranty will permit MFX to increase the number of MSME clients to which it offers hedging services as well as offer hedging products to borrowers operating in certain impact sectors, such as renewable energy and housing.</p> <p>MFX was established in 2008 with the goal of eliminating the problem of currency mismatch for microfinance borrowers which have revenues in local currencies, but debts in hard currencies. MFX engages in currency hedge contracts with its clients, which protects its clients against depreciation of the local currency. MFX offsets its currency exposure by entering into matching, opposite hedging contracts with the Currency Exchange Fund (“TCX”) or commercial bank counterparty. MFX provides hedging contracts in 45 different currencies.</p> <p>Approximately 14 percent of MFX’s portfolio is in sub-Saharan Africa, 31 percent is in Latin America, and 41 percent is in Asia. This Project is expected to increase the number of microfinance clients serviced by MFX, and permit MFX to offer hedging products to companies in certain impact sectors, such as renewable energy and housing. The new facility will also permit MFX to offer its hedging products to Projects and borrowers supported by OPIC.</p>
Proposed OPIC Guaranty:	\$48 million guaranty will replace OPIC’s existing \$20 million guaranty.
Total Project Costs:	\$81.1 million.
U.S. Sponsor:	MFX Solutions, LLC
Foreign Sponsor:	NA
Policy Review	

U.S. Economic Impact:	The Project is not expected to have a negative impact on the U.S. economy. There is no U.S. procurement associated with the Project, and, therefore the Project is expected to have a neutral impact on U.S. employment. The Project is expected to have a positive five-year U.S. balance of payments impact.
Developmental Effects:	The Project is expected to have a highly developmental impact by helping borrowers in the MSME lending sector as well as other impact sectors which have debts in hard currencies and revenues in local currency manage currency risk. In doing so, the Project is expected to facilitate local currency lending and investment in impact sectors in countries with currencies that are unstable and difficult to hedge. MFX is the only provider of collateral-free hedging products in the MSME sector.
Environment:	<p>SCREENING: The Project has been reviewed against OPIC’s categorical prohibitions and has been determined to be categorically eligible. Projects involving currency hedging services to MSME financial intermediaries are screened as Category D projects for the purposes of environmental and social assessment. In accordance with OPIC’s Environmental and Social Policy (“ESPS”) each downstream loan associated with an eligible hedge transaction will be screened and subject to the full scope of OPIC’s environment and social assessment process, including public disclosure of the borrower’s environmental and social impact assessment for Category A projects, conditionality and monitoring, as is warranted by the nature and scope of the downstream borrowers.</p> <p>For the purposes of this Project, sub-projects providing financial services to MIVs, MFIs, SMEs, and on-lenders that have portfolios of eligible microfinance, small and medium-sized enterprises (MSME) have been screened as Category C (projects with minimal adverse environmental or social impacts) and further review and consent is not required for these loans.</p> <p>APPLICABLE STANDARDS: Under OPIC’s environmental and social policies, MFX will be required to incorporate conditions in contracts originated under the guaranty that reflect the applicable, underlying standards in the International Finance Corporation’s Performance Standards and sector-specific environmental, health and safety guidelines, as well as any specific conditions as may be identified by OPIC as necessary to adequately manage</p>

	<p>environmental and social risks associated with a particular transaction with known use of proceeds.</p> <p>For Category C sub-projects identified above, OPIC will restrict the use of proceeds from the OPIC-guaranteed loan. Under OPIC’s Environmental and Social Policies, the Project and sub-projects will be required to comply with applicable national laws and regulations related to environmental and social performance.</p> <p>OPIC’s environmental and social due diligence indicates that sub-projects may have impacts which must be managed in a manner consistent with the following Performance Standards:</p> <p>PS 1: Assessment and Management of Environmental and Social Risks and Impacts, and PS 2: Labor and Working Conditions.</p> <p>A desk-review due diligence assessment indicates that the Project involves a hedging facility and does not involve significant adverse impacts with respect to pollution, community health and safety, land acquisition and resettlement, biodiversity, indigenous peoples and cultural heritage. Therefore, PS 3 through 8 are not triggered at this time.</p> <p>Environmental and Social Risk Mitigation: OPIC will require that MFX develop and implement an Environmental and Social Management System (ESMS) to ensure that partners or projects MFX invests with are performing in accordance with IFC’s Performance Standards and General Environmental, Health and Safety Guidelines. This ESMS shall include a grievance redress mechanism and a requirement that MFX partner institutions also establish and maintain an environmental and social policy statement and a grievance mechanism.</p>
Workers’ Rights:	<p>The Project will be required to operate in a manner consistent with the International Finance Corporation’s Performance Standard 2 on Labor and Working Conditions, OPIC’s Environmental and Social Policy Statement and applicable local labor laws. OPIC’s statutorily required language will be supplemented with provisions concerning the rights of association.</p>

	<p>Hedging contracts to sub-projects providing financial services to MIVs, MFIs, SMEs, and on-lenders that have portfolios of eligible MSME will be restricted with respect to the borrower's operations, including the employment of minors and other applicable labor law requirements. Standard and supplemental contract language will be applied to all workers engaged by the Project. Any loans or partnerships outside of MSME lending sector will require full policy review.</p> <p>The Project's ESMS will be required to address labor risk commensurate with the risks associated with the Project's expanded hedging portfolios and consistent with the requirements of the IFC Performance Standards.</p>
Human Rights:	OPIC issued a Human Rights clearance for this Project on March 21, 2016.